SBA M34

SBA Business Basics

Marketing Strategy

A Self-Instructional Booklet
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KEEP THIS GUIDE SHEET -- FOR INSTRUCTOR'S USE ONLY

MARKETING STRATEGY
Instructor's Guide Sheet

This booklet contains:

1. Meeting Market Needs
2. Specific Market Identification
3. Pricing
4. Marketing Channels
5. Advertising Media
6. Principles of Direct Selling

Supplemental Instruction
Assist the Client:

1. Pinpoint possible weak items in the product line using available sales data.

2. Decide what, if any, changes should be made in the produce line or prices, using available information from the client's industry and projected changes in the market.

3. Evaluate the competitor's strengths and weaknesses.

4. Use demographic data for various local publications and broadcasting stations to establish a rational marketing plan.

5. Use information pertaining to the target audience, develop an appropriate advertising message.

6. Develop client sales skills by "playing" the part of a typical customer, if necessary.

7. Offer assistance in improving the selling skills of the client's employees.

NOTE: Prior to taking this booklet, the participant should have completed the following booklets:

Inventory Management (Wholesale/Retailor Manufacturing Service)
Understanding Costs
Cost Control
Retail Merchandise Management
Retail Buying Function (or Purchase for Manufacturing Firms)

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INTRODUCTION

In only two years twenty million people visited the National Air and Space Museum in Washington, D. C. Sidewalk vendors do very well around the museum. With the enormous traffic, glittery trailers, and hawkers' shouts of "Hot Dogs Here!" "Fresh Pizza!" "Cold Ice Cream" and "Hey, Souvenirs!" the vendors have combined locations, products, and customers for steady profits. This shows the simplest and the ultimate in marketing. All the elements of marketing are here -- a plan, survey, product selection, pricing, location, advertising and it is still the basic transaction, person to person, often with hectic bargaining. Marketing is such an all inclusive concept.

As the operator of a small business, you can control some elements of marketing more closely than others. Obviously, if you are already in business, you have made basic decisions about what your product will be; you have established basic prices for your goods or services; and you probably have some ideas about how to promote your business.

Marketing involves not only making the initial decisions about each of the above elements, but also reviewing those decisions periodically to be sure that your business is operating as profitably as you had planned.

Booklet Objectives

This booklet has been designed to help you develop a marketing strategy as it relates to your business. When you have completed the booklet, you should be able to do the following:

- Evaluate your line of products or services to see how it meets the needs of your market.
- Identify that segment of the total market that is most likely to buy your product or service.
- Determine the best price at which you should sell your product or service.
- Select the marketing channel that is most suitable for your business.

- Differentiate among the various available advertising media with respect to cost, audience quality, and probable sales from each advertising dollar.
- Understand the principles of direct selling so that these principles can be applied to any aspect of your marketing message.

YOUR PRODUCT

What Is Your Product?

If you are now operating a business, you already have a basic idea of what your product is. Your selection of a business was based upon some prior experience with it -- either an idea you had or a skill that you possessed. You wanted to go into business for yourself so that you could put your ideas into practice and take advantage of the potential income that results from operating your own business.

Defining Your Product

When defining precisely what your product will be, whether goods or services, you must first evaluate the potential market in the area where your business will be located and then tailor your line of products to the needs of that area. For example, if you were planning to open a record shop in a predominantly student-populated neighborhood, you would want to find out whether those particular students listened to classical, jazz, hard rock, or other types of music. You would also want to know if most students preferred disc, cassette, or eight-track tapes. Would they need accessories such as phonograph cartridges or blank tapes?

Reevaluation and Change

Once the decision about your product or service line has been made, it must be constantly reevaluated. Use your sales and inventory records to determine which items sold quickly and returned a good profit. These same records can help you spot slow-moving or unpopular items so that you can remove them from your inventory and replace them with more profitable items.

You must also be able to anticipate changes in either your market or your product so that you can react to them to ensure your continued success. Changes can come in many forms. Your basic market can shift in character; for example, the neighborhood constituting the market area for a record shop can become older (or younger), causing the demand for certain types of music to change.

Your product itself can change due to technological advances, changes in fashion or taste, or changes in general economic conditions.

Competition

Competition can frequently alter your marketing decisions. To market any product or service effectively, you must know your competition and the advantages that they offer, as well as the advantages that you offer or the steps you must take to gain a

competitive edge. Too often, people tend to look upon competition solely as a question of price. Yet a competitive edge often can be gained in other ways such as offering better customer service, a superior location, or more effective advertising. Marketing support activities such as credit availability, product service, warranty, customer advice, or a more attractive buying atmosphere can also help you gain a competitive edge.

NOTE: Cover the correct answers and write your answers on a separate piece of paper (or in the book). Check your answers and review weak areas. Do all the exercises the same way.

1. What important records do you have available to help you evaluate your product line?

---

sales and inventory records

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2. Why is it important to use these records to reevaluate your product line?

To examine past performance and to eliminate unprofitable items.

---

3. Why must you anticipate change?

To make sure your product line suits the market.

---

4. Identify three types of change that can affect your marketing decision.

   1.
   2.
   3.

---

market area characteristics
fashion
taste
technology
competition
economic conditions
(ANY THREE ARE CORRECT)

---

5. You can gain a competitive edge only by offering your products or services at a price lower than your competitors'. (TRUE/FALSE)

FALSE

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* * * * *

Know Your Customer

"Beauty is in the eye of the beholder." This old adage can be applied to any characteristic of the product or service that you sell. The dress you sell is only beautiful if your customers think it is. The shoes you sell are comfortable only if your customers think they are. The storm windows you sell are economical only if your customers think they are.

Your own opinions, the opinions of experts, or sometimes even the facts are of secondary importance in selling your product or service. What the customer thinks is of primary importance. Certainly, facts or expert opinions can and should be used to influence your customers' thinking. But, in the final analysis, only their own thinking will determine what they buy.

Customer-Oriented Product Decisions

The easiest and most profitable products or services to sell are the ones your customers want to buy. Although their buying habits can be influenced through a manufacturer's advertising effort or your own persuasiveness, the surest path to marketing success is to identify your customers' needs and desires and shape your line of products or services accordingly.

READEX FICHE

* * * * *

1. The nature of your business should reflect primarily:

    a. your personal preferences
    b. the needs and desires of your customers

---

    b. the needs and desires of your customers

---

2. The most important element to consider in determining the products or services you offer is:

    a. nationwide fads and trends
    b. the needs and desires of your potential customers

---

    b. the needs and desires of your potential customers

---

* * * * *

Know Your Market

Few small businesses can sell to everyone. Most are limited by geography or capital to some portion of the total market. In order to develop and implement a marketing strategy, you must be able to identify that segment of the total market toward which you should direct your marketing effort. For example, a small corner grocery would not ordinarily try to attract business from the other side of town. Nor would a shop specializing in small children's apparel attempt to attract college students.

In some cases, the identity of the segment is fairly obvious. To the local retail or service establishment such as the drugstore, grocery store, dry cleaner, or service station, the market is almost every household in the local area, since almost everyone needs these products and services.

Market segments can be classified in a number of ways, such as age groups, income levels, or specific interests. A retailer of fine jewelry would be interested in the market segment comprised of the upper and upper-middle economic classes. A costume jeweler would direct its efforts toward the middle-income market segment. An audio equipment dealer might be interested primarily in the youth market, and a home furnishings store would be more interested in adults. A sporting goods shop would direct its efforts toward the athletically inclined, while the bookstore would seek the scholar.

Factors such as age, income, and special interests affect the demand for the products or services that you sell and the way you must try to sell them. People's buying needs and wants are influenced by a number of other factors as well, such as current fads, fashion trends, media publicity, advertising, and the opinions of friends and neighbors. Plan your product or service line so that it is geared to your market and keep abreast of those factors that cause your customers' tastes to change. You should keep abreast of all indicators of change such as:

. Changes in manufacturers' offerings.

. Views of opinion-makers in your industry.

. Opinions of influential media such as magazines, newspapers, radio, or television.

. The experience of businesses selling to a comparable market segment in other areas.

. The experience of your competitors.

The list could go on forever. The important factor to remember is that you must be able to identify the influences that shape thinking in your market segment and then keep informed about these influences so that you can adjust your line of products or services accordingly.

Your Marketing Strategy

In order to develop a marketing strategy, you must be able to clearly define the particular market to which you wish to appeal. You must know the customers to whom you want to sell and you must know how your product or service appeals to their particular wants. Will it sell because it is more economical? Or more attractive? Perhaps it is more reliable than the product or service your competition offers. Perhaps its quality is superior or it enhances the buyer's status or self-image.

* * * * *

1. List three factors which can define your market.

    1.
    2.
    3.

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income
age
specific interests
education level
geographic area
(ANY THREE SIMILAR ANSWERS WOULD BE CORRECT)

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2. Which is usually the more successful approach to the selection of products or services to offer your market?

   a. Offer those products or services that you prefer to sell.

   b. Offer those products or services that your customers prefer to buy.

---

   b. Offer those products or services that your customers prefer to buy.

---

* * * * *

Competition

No aspect of marketing can ignore competition. Just as competition affects the price you charge for your product or service and the methods you choose to market it, competition also influences the line you will offer.

To protect yourself from competitors, you must stay a step ahead in every aspect of your marketing operation, including the selection of your product or service line. Frequently, this requires a further definition or review of what you are selling.

The record shop mentioned earlier must realize that it is in the recorded music business, not just the record business. The recorded music business includes cassettes, tapes, and cartridges. The "record" shop that failed to offer these items would soon lose business to competition.

Furthermore, the record shop must assess its competition in other areas. Perhaps some are offering stereo equipment or car stereo equipment which the shop might also consider offering its customers. Or perhaps competitors offer customers the opportunity to preview records before buying them. Some competitors may offer more personal service. And, of course, some competitors may simply offer lower prices.

Granted, competition cannot always be met in every way in which it is possible to compete, but the small business person must continually be aware of the competition and what it is doing so that competition cannot get the upper hand. Your product or service lines can usually be tailored to provide a uniqueness which will appeal to the market you are trying to reach, whether or not that uniqueness is in product selection, service, price, location, or some other quality.

New Products or Services

There are times when, based upon your analysis of previous performance, industry trends, or market conditions, you will want to consider adding to or modifying the products or services you offer.

Market Tests

Since the ultimate test of the value of any new product or service is your market's reaction to it, you are usually well-advised to make some sort of market test before committing yourself to any major change in your line. For example, a women's dress shop may be interested in adding a higher priced designer group, a sporting goods store might be considering the addition of camping equipment, or a restaurant might be considering supplementing its basic "meat-and-potatoes" menu with quiche or crepes. In each case, a tryout for a predetermined period of time can give you an idea of the likely success of a major commitment.

Object of Market Test

One factor must be borne in mind, however, when conducting a market test of a new product or service. This is whether or not you expect the added line to create additional sales with your present customers or to attract new customers.

For example, if a fast food shop added salads to its basic hamburger menu, there may be little gain if this simply makes salad customers out of hamburger customers. In fact, it might even reduce the average check, resulting in a loss. However, if it causes hamburger customers to buy a salad also, or attracts new customers to the shop, it will probably prove to be a profitable addition.

Promotional Support

If the change in your product line is expected to increase sales among present customers, they must be aware that you are offering the additional product. In other words, your sales force must make the effort to suggest the new items to present customers as they purchase your current offerings. Also, announcements must be made, perhaps in the form of in-store signs, window displays, or even advertisements.

If a product innovation is expected to attract new customers, some form of promotional effort must accompany the introduction. Otherwise, the "new customers" will have no way of knowing that you are offering them the product and your effort will be wasted. While the cost of the promotional effort may exceed the profit potential of the market test, the knowledge gained can be rewarding in the long run. It will alert you to potentially profitable products while deterring you from investing in those that offer little hope of marketing success.

As discussed previously, a market test is generally conducted for a predetermined length of time. For instance, a sandwich shop may offer homemade soups for two months to see how well they are received. At the end of the two-month period, the sales checks can be analyzed to see if soup is being purchased in addition to a sandwich or instead of a sandwich. After this analysis, a decision can be made as to whether the addition of soup to the menu has increased profits sufficiently to warrant becoming a permanent offering. Similar examinations of test results can be made for almost any product or service being considered.

* * * * *

1. New products or services should be offered:

    a. only after careful research
    b. because the competition has introduced them
    c. because the business owner desires them

---

    a. only after careful research

---

2. When conducting a market test, it is best to:

    a. simply offer the product for sale
    b. make some promotional effort in connection with the test

---

    b. make some promotional effort in connection with the test

---

* * * * *

In marketing, trial and error is often the most practical decision-making technique. The men's clothing store that stocks only blue shirts will never know the profit potential from other colors. In fact, the owner might think that blue is the only color men buy because blue is the only color the store ever sells! The easiest product to sell is the one that the public wants to buy. You will never know what they want to buy unless you give them a chance to buy it!

YOUR PRICE

Cost, Competition, Customer

Establishing prices involves three primary considerations. These are as follows:

. Your cost

. Your competition

. Your customer

Minimum Price

In normal circumstances, cost can be considered a minimum price. Certainly, when closing out a product line or reducing a surplus in inventory, you may temporarily sell below cost. But pricing below cost can never be a continuing formula for prosperity. Nor can selling at your cost be expected to make you prosperous.

Competitive Prices

If you cannot sell below cost, then how far above cost can you sell? This will be influenced by your competition. Perhaps your product has certain advantages that justify a higher price. Perhaps you plan to sell below competition to capture the largest possible share of the market. But there is a delicate balance involved in selling below competition. Will the increased number of units sold result in enough additional profit to warrant cutting prices? And, will a lower price give your products an unfavorable image?

Customer Reaction

How will your customers react to prices higher than competition? Will they recognize the advantages of your product and pay the premium? Can they be persuaded by salespeople that your product is worth a little more?

On the other hand, your product may be no better than that offered by competition. Nor can you point to any significant advantages in the product support that you offer such as service, delivery, or credit terms. How large a discount will be necessary to attract customers away from your competition? How much will it cost to tell the market that you sell for less?

* * * * *

1. List three factors that must be considered in establishing prices.

   1.
   2.
   3.

---

   cost
   competition
   customer

---

2. The minimum price you can charge for your product is determined by your _____.

---

   cost

---

3. What effect does your competition's price have on yours?

   a. It establishes an absolute ceiling.
   b. It influences the price you can realistically charge.
   c. It should have no effect.

---

   b. It influences the price you can realistically charge.

---

4. Customers will always buy at the lowest price available. (TRUE/FALSE)

   FALSE

---

5. If your product offers advantages over the competition, your customers will be willing to pay more for it. (TRUE/FALSE)

FALSE (They will pay more only if the advantages are recognized or brought to their attention.)

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* * * * *

Establishing a Price Floor

The first step in pricing is to determine your product cost, the floor below which prices cannot fall.

All costs can be classified as variable or fixed (overhead). Variable costs are the out-of-pocket costs or costs of doing business that you incur with each unit of your product that you sell. They include the purchase price of goods acquired for resale, sales commissions, and any product preparation charges such as alterations or delivery costs.

Fixed costs are the costs of being in business. These costs include such items as rent, administrative salaries, equipment depreciation, and office expenses. They go on from month to month with little variation due to sales.

Consider a product that sells for $1.00. You buy it for $0.50, pay a $0.06 commission on every sale, and incur delivery costs of $0.04 on every sale. Each time you sell one unit you realize $1.00 in revenue and incur $0.60 ($0.50 + $0.06 + $0.04) in out-of-pocket costs.

Each $1.00 sale provides $0.60 to pay your variable costs. The balance of $0.40 ($1.00 - $0.60) contributes to covering your overhead and, once your overhead is covered, producing a profit.

Unit Contribution

The difference between the selling price and the variable cost can be called the unit contribution.

Unit Selling Price
\- Unit Variable Cost
= Unit Contribution

Breakeven Point

A product with a variable cost of $0.60 per unit and a selling price of $1.00 has a unit contribution of $0.40 ($1.00 - $0.60). If fixed expenses are $1,000 per month, you can determine the number of units that must be sold to cover the fixed expenses. This

sales volume is called the breakeven point, and is calculated as follows:

Breakeven = Fixed Expenses ÷ Unit Contribution

Breakeven = $1,000 ÷ $0.40

Breakeven = 2,500 units

If sales are less than 2,500 units, you will show a loss for the month. For every sale above 2,500 units, you will show a profit of $0.40.

Effect of Discounting

Suppose you find that your product is not selling at $1.00. Therefore, you want to consider the possibility of discounting it to see if the lower price will encourage sales and produce an operating profit.

Consider the effect of various discounts. First, assume that you decide to discount your price by 20%, to $0.80 per unit. At this price, your average contribution would be $0.20 per unit ($0.80 - $0.60). To break even, you would then need to achieve unit sales as follows:

Breakeven = Fixed Expenses ÷ Unit Contribution

Breakeven = $1,000 ÷ $0.20

Breakeven = 5,000 units

Therefore, you must double your sales to 5,000 units in order to offset the effect of a 20% discount.

Now try a 30% discount, or $0.70 selling price. At this price, your unit contribution is $0.10 ($0.70 - $0.60). Your new breakeven point would be calculated as follows:

Breakeven = Fixed Expenses ÷ Unit Contribution

Breakeven = $1,000 ÷ $0.10

Breakeven = 10,000 units

As you can see, successive discounts of 10% have greatly increased the number of units that must be sold in order to break even. Whenever you discount to promote sales volume, you should be aware of the added volume required to break even and be reasonably confident that the additional sales volume can be generated by the lower price.

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1. The variable unit cost of a product is $0.70. The selling price is $1.30. The unit contribution is $_____.

$0.60 ($1.30 - $0.70)

---

2. In the previous example, assume that fixed expenses are $3,000 per month. How many units must be sold each month in order to reach the breakeven point? _____

5,000 ($3,000 ÷ $0.60)

---

3. If you reduce the price of your product by 10%, how much of a sales increase will be required to reach the new breakeven point?

   a. less than 10%
   b. exactly 10%
   c. more than 10%

---

c. more than 10%

---

4. The selling price of a product is $1.50 and the unit variable cost is $1.00. With monthly fixed expenses of $5,000, determine the breakeven point. _____

10,000 units ($1.50 - $1.00 = $0.50; $5,000 ÷ $0.50 = 10,000)

---

5. Assume that the selling price is lowered by 20% to $1.20. The unit contribution is now $_____.

$0.20 ($1.20 - $1.00)

---

6. The new breakeven point is _____ units.

25,000 units ($5,000 ÷ $0.20)

---

7. The 20% discount has increased the breakeven point from 10,000 units to 25,000 units, an increase of _____%.

150% (25,000 - 10,000 = 15,000; 15,000 ÷ 10,000 = 150%)

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* * * * *

PROMOTION

Promotion of your products or services involves two elements, both of which relate your selling effort to your market.

- What is your product message? Describe your product or service so that your customers will recognize the benefits they can expect from purchasing it.

- How will you deliver the message? Select marketing channels that will reach your audience. Advertise to a large audience through radio, television, or newspapers. Use merchandising activities such as displays and product support activities. Utilize direct face-to-face selling. Or do you consider your location alone sufficient to attract all the customers that you need?

Frequently, a combination of efforts is necessary for success. Through advertising, you attract a certain number of potential customers to your business. Once there, displays and merchandising aids heighten the customer's interest in buying. Finally, a salesperson takes the time to present and demonstrate your product to close the sale.

All marketing, from large-scale advertising to direct person-to-person contact, must be aimed at satisfying the purchaser's buying motives. Therefore, the buying motives of the audience you are trying to reach must be understood before you can select the product message and media channel which will best serve your needs.

Buying Motives

Why do people buy? Not so much for the sake of owning specific things, but to satisfy certain basic needs or wants. Some of these basic needs or wants are relatively simple, such as physiological needs -- clothing to keep warm, food to avoid hunger, or medicine to relieve pain.

People's buying motives are also determined by wants. A desire for comfort or an interest in styling will often dictate people's preference in furniture, cars, and clothing.

As a marketer, you must convince potential customers that your product or service meets their needs and wants and that it satisfies one or more of their buying motives. You can do this only by relating your product to their needs and wants, and by proving how it will satisfy their buying motives.

* * * * *

1. Promoting your product involves two elements. These are:

   1.
   2.

   What is your product message?
   How will you deliver the message?

---

2. People generally buy in order to:

   a. own specific things
   b. satisfy certain needs or wants

---

   b. satisfy certain needs or wants

---

3. Satisfaction of a certain need or want is called a buying _____.

---

   motive

---

* * * * *

Product Features and Benefits

The product or service that you sell may have any number of features that appeal to your market. A feature is usually a specific product characteristic. A temperature control could be a feature of a clothes washer. A remote channel selector could be a feature of a television set. A 1,000 watt capacity could be a feature of a hair drier.

But what do these features mean to the buyer? How do they satisfy buying motives? With relatively simple products, the buyer is often familiar with the advantages that the features offer. In many other cases, you may have to explain how the features of your product satisfy the customer's buying motives.

Features Related to Buying Motives

Any description of features must be related to the prospect's buying motives. The temperature control of the washer provides protection for the owner's fabrics. The remote TV channel selector offers the convenience of channel changing without leaving your seat. The key words are protection and convenience -- basic buying motives or benefits that people look for when they buy a wide variety of products or services, not just washers or television sets.

Suppose you sell insulated windows with flexible vinyl glazing. Mr. and Mrs. Wilson enter your store to look at insulated windows. They already know that insulated windows reduce heating costs because they have talked with other suppliers. Why should they buy yours instead of theirs? If you said, "Mr. and Mrs. Wilson, these windows have flexible vinyl glazing," their answer would probably be, "So what?", a shrug of the shoulders, or "What is the price?" Flexible vinyl glazing means nothing to the average customer.

As a seller, you must explain the advantages of the flexible vinyl glazing in terms that show Mr. and Mrs. Wilson the benefits that they would realize. If you explain, "Flexible vinyl glazing won't chip and will not require painting," the Wilsons will recognize how this will preserve the appearance of their windows and eliminate the cost and inconvenience of maintenance.

Complicated Products

In today's world, products are becoming increasingly complicated: to prompt a customer to buy, technical features must be explained in terms of the increased satisfaction that they will bring to the owner. If customers do not understand how advanced, sophisticated features provide them with specific benefits, the technology and cost of these features are wasted.

Selling at Premium Prices

If you are selling a product at a premium price, it is particularly important to explain your product in terms of the benefits that it offers the customer. This must hold true in advertising, promotional materials, or selling directly to a customer.

* * * * *

1. The buyer of a product is generally more interested in:

   a. features
   b. benefits that those features provide

---

   b. benefits that those features provide

---

2. Which words below describe benefits?

   a. electronic
   b. reliability
   c. insulation
   d. comfort

---

   b. reliability
   d. comfort

---

3. A basic buying.motive is a (FEATURE/BENEFIT).

   BENEFIT

---

4. When explaining a product to a customer, it is more important that you stress its (FEATURES/BENEFITS).

   BENEFITS

---

5. Which is the better description?

   a. "This car is equipped with electronic ignition."

   b. "With electronic ignition, you'll have surer starting, even in cold weather, and lower maintenance costs."

---

   b. "With electronic ignition, you'll have surer starting, even in cold weather, and lower maintenance costs."

---

6. Identify the two benefits cited in b. above.

   1.
   2.

---

reliability (surer starting)
economy (lower maintenance costs)

---

* * * * *

Direct Selling and Your Product Message

Although not all products or services are sold person-to-person, an understanding of the direct selling process is often useful in explaining the key elements of any successful marketing message.

Customizing Your Marketing Message

Direct selling is the ideal marketing situation. When you are face-to-face with a customer, you have an opportunity to find out which specific benefits are most important to the particular customer. Then you can explain how your product or service provides those benefits.

Not all prospects will be interested in all the benefits that your product offers. For example, your product may offer superior styling, quality, and convenience. If you know that a prospect doesn't care about styling, you would stress the quality and convenience features of your product.

Detailed Presentation

A direct selling situation lets you present your product or service in more detail than an advertisement. You have the prospect's attention and the time needed to explain your product thoroughly.

Naturally, direct selling does not apply to many products and services. Perhaps the price is too low to justify the time or the audience is too scattered and too numerous to permit talking with each individual customer. These customers can only be reached through advertising.

The selling principles of a successful direct selling effort are equally valid in shaping a message to larger audiences. Therefore, to understand the basics of the sales message, we will begin by analyzing the direct selling situation. Later we will relate these principles to developing the message for other marketing channels.

Three Major Steps

A direct selling situation usually consists of three major steps as follows:

- Qualifying the prospect. Determining the prospect's needs and wants so that you can then explain your product or service in terms that will show how its features provide those benefits.

- Presenting the product. Describing your product and its features in terms of the benefits that the prospect seeks.

- Closing the sale. Securing the prospect's commitment to buy your product or service.

Qualifying

In the first step, qualifying the prospect, you want to learn why the prospect needs or wants your product or service.

Perhaps you sell sewing machines. A prospect has seen your ad for a low-priced model and has arrived at your shop. Naturally, you have a variety of models and you want to find out which model is best suited to the customer's needs. By simply taking the order for the lowest priced model, you might be doing a disservice to both yourself and the customer. If the customer simply wants a machine to hem dresses or patch jeans, perhaps the lowest priced model is entirely adequate. If the customer plans to make clothing for a family, a higher priced machine might be better suited to the customer and more profitable for you.

Asking Questions

How can you find out which machine is best suited to the customer's needs? By asking questions such as:

- "How do you plan to use the machine?"

- "How often do you sew?"

- "What types of sewing do you do?"

These questions help you learn more about the customer's needs and wants.

Indirect Questions

Qualifying questions should be indirect questions, usually beginning with words such as Why, What, When, and How. These questions usually cannot be answered with a simple "Yes" or "No." They require more complete answers that reveal buying motives.

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You can learn about your customer by asking about competition. This is particularly helpful when selling high-ticket consumer goods or when selling to commercial and industrial customers.

If a person is buying a replacement for something he already owns, you can ask questions about the product he now owns. "What kind of refrigerator do you now own, Mr. Baker?" When Mr. Baker tells you that he now owns an Electromat X99, you might ask other questions such as:

. "Is that the 12 cubic foot or 15 cubic foot model?"

. "Is it equipped with automatic defrost?"

. "Does it have automatic ice-making?"

The answers to these questions will help you lead into such features of your more expensive refrigerators as larger capacity, automatic defrost, and an automatic ice-maker.

* * * * *

1. The first step in the selling process is _____ the prospect.

---

qualifying

---

2. What is the purpose of qualifying the prospect?

Determine the prospect's needs and wants.

---

3. How do you determine the prospect's needs and wants?

Ask questions.

---

4. Which of the following is an indirect question?

   a. "What are you looking for in a new air conditioning unit?"

   b. "Do you want an economical air conditioner?"

---

   a. "What you are looking for in a new air conditioning unit?"

---

5. You learn more about the prospect's buying motives by asking (DIRECT/INDIRECT) questions.

   INDIRECT

---

6. Questions that can be simply answered "Yes" or "No" are called _____ questions.

---

   direct

---

7. Is it helpful to know if the prospect is interested in your competition? (YES/NO)

   YES

---

8. How will this information help you?

   Reveals more information about the prospect's buying motives.

---

9. How will the information derived in qualifying the prospect help you present your product or service?

It will permit you to emphasize your product's features in terms of the benefits that interest the particular prospect.

---

* * * * *

Presentation

The second step in direct selling is presenting the product. An effective presentation often depends upon the information received in the first stage, qualifying the prospect. This permits you to explain the features of your product, and its advantages, so that your prospect clearly understands its benefits. Qualifying information lets you direct your explanation to those specific benefits in which the particular prospect has expressed an interest.

* * * * *

1. In presenting a product, it is most important to explain features in:

   a. technical terms
   b. terms of the benefits that they offer the prospect

---

   b. terms of the benefits that they offer the prospect

---

2. All prospects are interested in the same benefits. (TRUE/FALSE)

   FALSE

---

3. What is wrong with the following statement by a salesperson to a prospect?

> "Mr. Harris, these tires are polysteel radials, the best that money can buy."

The salesperson failed to mention any benefit. Polysteel; so what? Radial; so what? Chances are, they are also the most expensive that money can buy! There is nothing in the statement that would convince the prospect to spend extra money.

---

* * * * *

Transition to the Close

The presentation is followed by the primary objective -- closing the sale. This is most effective if introduced as a smooth transition from the presentation. Sometimes it's easy. The prospect, absolutely convinced of the advantages of the product and the benefits that it offers, will come right out and buy it. More frequently, it's up to the salesperson to bring up the closing question.

Trial Closes

An easy way to do this is through trial closes. A trial close is a question that is asked to determine the prospect's readiness to buy. The following is an example of such a question:

> "Are you satisfied that our product will help you reduce your maintenance costs?"

If the answer is negative, you can reemphasize how your product reduces maintenance costs or you can ask the prospect to be more specific about the cause of his or her doubt.

Seeking Agreement

If the prospect agrees with the salesperson on a series of points, it becomes difficult to say no when the salesperson asks for the order. However, the prospect who disagrees on a number of points will probably defend this position by also saying no when the salesperson asks for the order.

The salesperson should seek agreement on a number of points such as:

. "Don't you think the self-defrosting feature of this refrigerator is a real convenience, Mr. Baker?"

. "You probably need a larger refrigerator than your present one, don't you?"

The salesperson probably knows the points to which the prospect will agree. The idea is to summarize them and ask them consecutively to establish a pattern of agreement, one that will make it difficult for the prospect to say no when the salesperson asks for the order.

Benefit Summary

Another effective transition is a statement that summarizes product benefits, such as the following:

> "Ms. Perkins, I think you'll find that the Brand X washer has everything you're looking for. A partial load cycle saves you water, energy, and money. Temperature controls protect your fabrics. And Brand X's reputation for quality assures you that this machine will operate dependably for a long time with little or no maintenance."

* * * * *

1. It is often easier to close a sale if you establish an effective _____ from your presentation to the close.

---

transition

---

2. When asking questions of the prospect, you should attempt to establish a pattern of _____.

---

agreement

---

3. Why is it helpful to establish a pattern of agreement?

It makes it more difficult for the prospect to say no when you ask for the order.

---

4. To reinforce the presentation just before the close, it is helpful to _____ the major points you made.

---

summarize

---

5. If the prospect's response to a trial close is positive, what should the salesperson do?

Close the sale immediately.

---

6. If the prospect's answer to a trial close is negative, what should the salesperson do?

Reemphasize the product features and benefits or ask about the prospect's reasons for hesitation.

---

* * * * *

Closing the Sale

Now let us look at the most vital factor in the selling process -- closing the sale. All previous steps have been taken with one purpose in mind -- to close the sale, to get the prospect to buy.

Unfortunately, many salespeople fall apart at this stage. The salesperson is afraid that a negative response will end communication with the prospect forever. Having maintained a sociable communications level up to this point, the salesperson resists the possibility of rejection. This is a perfectly natural reaction for many people.

Various Techniques

A variety of techniques can be used to close the sale. The best approach often depends upon the salesperson's individual selling style, the prospect, the product or service that is offered, and the salesperson's earlier success in convincing the prospect of the advantages of the product and the benefits that it offers.

Direct Close

The direct close assumes that the prospect is ready to buy. In closing, the salesperson asks a direct question such as the following:

. "We can deliver your sofa next week. What is the address that we should ship to?"

. "You want this in green, don't you?"

. "Will this be cash or a charge?"

. "Would you like to put this on a budget plan?"

Assumptive Close

The assumptive close is a modification of the direct close. The salesperson assumes that the prospect is ready to buy, but asks less direct questions, such as:

. "Which color do you prefer, red or green?"

. "Which model do you prefer, the standard or the deluxe?"

. "Have you decided where you would like the machine installed?"

. "Shall I call an electrician to arrange the installation?"

Dealing with Delay

Not all closing attempts are immediately successful. The prospect may delay, unable to make a decision. If so, the salesperson should ask the reason for the delay. The reason will often help the salesperson plan the next course of action in reestablishing the presentation of the product or service.

For example, the prospect might say: "I think I'll stick with my present machine a while longer." If you properly qualified the prospect earlier, you might respond: "But didn't you say that repair costs were running awfully high? Isn't it worth a few dollars to know that you will save on maintenance costs, and not have to worry about a breakdown at a critical time?"

Dealing with Objections

A prospect may express some objection, real or imaginary, to your product. An objection should never be considered a barrier to a sale. Once you know about it, it is no longer a barrier, simply a hurdle that must be cleared.

A prospect may say, "Your price is too high." First of all, try to find out how much too high. Perhaps it can be reduced. Or, the objection might be a signal to reemphasize more features of the product that offset any apparent price disadvantage.

Open-ended Close

In the open-ended close, the salesperson asks open-ended questions that imply readiness to buy, such as:

. "How soon will you need the sofa?"

. "When should I arrange for installation?"

The prospect's answer to these questions leads to an easy close. If the prospect needs the sofa in three weeks, the salesperson can respond, "Then I'll need an order right away, to assure you of delivery on time."

Action Close

The salesperson takes some positive step toward clinching the order, such as:

. "I'll write up the order right now and as soon as you sign it, we can deliver."

. "I'll call the warehouse and see if they can ship immediately."

Urgency Close

The salesperson advises the prospect of some compelling reason for ordering immediately.

. "That's a pretty tight schedule. I'll have to get an answer from you very quickly if we are going to be able to meet it."

. "That item has been very popular and right now our inventory is running pretty low."

. "Our special price on this product ends the 15th of the month."

Choosing the Closing Technique

The choice of closing techniques will depend upon you, your selling style, your customer, and the facts. Regardless of the technique that you choose for your business, the most important thing to remember is that you pursue some closing technique and don't avoid this critical step.

* * * * *

1. In most closing attempts, the salesperson (SHOULD/SHOULD NOT) assume that the prospect is ready to buy.

SHOULD

---

2. A question such as, "Shall we ship by air?" is an example of a(n):

   a. direct close
   b. assumptive close
   c. action close

---

a. direct close

---

3. A question such as, "Do you prefer the blue or gold?" is an example of a(n):

   a. direct close
   b. assumptive close
   c. action close

---

b. assumptive close

---

4. Give an example of an action close.

Begin to write the order, call the warehouse for availability, etc.

---

5. A question such as, "How soon will you need it?" is an example of a(n) (ASSUMPTIVE/URGENCY) close.

ASSUMPTIVE

---

6. What is the advantage of the urgency close?

Forces a decision; avoids procrastination.

---

7. An unknown objection (IS/IS NOT) an obstacle to a sale.

IS

---

8. A known objection (IS/IS NOT) an obstacle to a sale.

IS NOT

---

9. Why is it advantageous to be aware of the prospect's objection?

Unless it's known, it cannot be dealt with.

---

* * * * *

Developing Selling Skills

Some people seem to be born with natural powers of persuasion. At an early age, they can easily convince a person of the value of some product or service. However, not all people have these inherent skills.

These skills must be developed, and the way to develop them is through the use of a logical, well-considered, planned selling system of qualifying, presenting, and closing.

These skills can be learned. With planning, practice, and diligent pursuit, almost anyone can sell.

The ability to sell is particularly critical in small businesses where the owner is often called upon to conduct the entire selling effort personally. Even if the owner does not sell personally, the sales force must be trained, supervised, and directed.

Selling Skills and Other Marketing Techniques

Any marketing technique that you use must incorporate many of the same selling concepts that were explained in the direct selling situation.

Consider how the basic principles of qualifying and product presentation apply to the development of an advertising message. You cannot qualify the prospect directly by asking questions -- unless you can afford a costly marketing research effort. Instead, you must make certain qualifying assumptions about your prospects. What are their needs and wants? What benefits do they seek?

These answers then determine the benefits that you will stress in your product message. The message must explain your product in terms of these benefits.

. "Our insulation will save you money."

. "Won-Kote latex paint is easy to apply and lasts longer."

. "Our trained technicians will repair your television set and back it up with a 12-month warranty to put an end to your maintenance worries."

"Closing"

An advertising message seldom has a specific "close," but it should have an objective. This objective should be expressed in terms that incorporate the concepts of the closing techniques of a direct selling situation.

. "Don't you owe it to yourself to look at our new line of washers before your present one fails?"

. "Buy now while the special price offer lasts."

. "Call today for a free estimate, before winter sets in. Our estimator will show you how much you can save with all-weather insulation protection."

Media Selection

The principles of direct selling can guide your development of a marketing message. The selection of a suitable channel, or medium, for the message depends upon the nature of your market and the complexity of your message.

The table below describes some of the key features of the various marketing channels that could be available for your product or service. Advertising has been broken down into two categories as follows:

. Media advertising such as radio, TV, newspapers, and magazines.

. Direct advertising such as mailings, handbills, and telephone solicitation.

The third promotional channel, direct selling, has been included as a basis for comparison.

	AUDIENCE	MESSAGE	COST PER 1000	EXPECTED SALES RETURN
MEDIA ADVERTISING	Large, scattered	Brief, universal	$2-$15	1%
DIRECT ADVERTISING	Medium, selective	Intermediate	$100-$1000	1%-10%
DIRECT SELLING	Small, known	Detailed, specific	??	10%-?

Audience Comparison

Compare the three approaches briefly. The first column compares the audience. Media advertising, where the audience is scattered, is ordinarily most useful for products and services that are sold to the general public.

In direct advertising, the advertiser has relatively limited control over a specific audience. For example, the audience for a radio commercial is limited to the show's listeners. With a direct mail or telephone campaign, the advertiser has greater selectivity. The mailer can be addressed to particular persons whose income, occupation, or special interests indicate a desire for the product or service.

Finally, in the case of direct selling, the audience is usually known. The seller's only contact is with parties who have a known need or desire for the product or service.

Message Capability

The second column compares the message capability of each of the three types. Media advertising messages must be brief -- perhaps 30 seconds of broadcast time or a few inches of print. Even if more space and more time are available, there is a limit to how much the audience is willing to hear or read.

In a direct mail or telephone campaign, the selected audience is usually more interested in the particular product or service and has time available to digest a more detailed message.

Finally, in direct selling, the seller has the advantage of being able to make a detailed presentation of the product or service and address it specifically to the needs of a particular customer.

Cost

The third column describes the cost per thousand persons reached, generally referred to as the "CPM." For example, a newspaper advertisement that cost $50 and reached 10,000 persons would have a CPM as follows:

$$\text{CPM} = \text{Cost} \div \text{Thousands of Persons}$$

$$\text{CPM} = \$50 \div 10$$

$$\text{CPM} = \$5.00$$

A direct mail campaign, with its more selective audience, would have a somewhat higher cost, perhaps $100 to $1,000 per thousand, as shown on the table. This would include the cost of mailer preparation, envelopes, postage, purchased mailing lists, and so on.

In direct selling, costs can vary widely. In fact, the sky is the limit! Perhaps a delivery driver is the salesperson. At each delivery point, the driver makes a quick sales presentation. The cost is virtually nothing. At the opposite extreme, when selling a high priced service or product to industrial or commercial accounts, transportation costs, living expenses, commissions, and salaries must all be considered. For a salesperson in New York to make a single call in Los Angeles, the cost could be $500-$600 or more.

Sales Return

The final column shows the expected sales return. For media advertising, less than 1% of the entire audience can be expected to buy. Frequently, even a small fraction of 1% will more than justify the cost of the advertisement. In a direct mail or telephone solicitation, a somewhat higher return is expected, perhaps 1-10%. In direct selling, where the cost of each call is higher, a somewhat higher rate of return must be expected, usually 10% or more.

* * * * *

1. Which of the following usually permits the advertiser to reach the largest audience?

   a. media advertising
   b. direct advertising
   c. direct selling

---

   a. media advertising

---

2. Which of the following usually permits the advertiser to present the most detailed product message?

   a. media advertising
   b. direct advertising
   c. direct selling

---

   c. direct selling

---

3. What other advantage does direct selling offer in presenting the message to the prospect?

   The message may be directed toward the particular prospect's specific needs and wants.

---

4. CPM means _____.

---

cost per thousand

---

5. An advertisement costs $500 and will reach an audience of 100,000 people. To calculate the CPM, you would divide:

   a. $500 by 100,000
   b. $500 by 100
   c. 100,000 by $500

---

b. $500 by 100

---

6. An advertisement costs $75 and will reach an audience of 15,000 persons. The CPM is $_____.

$5.00 ($75 ÷ 15)

---

7. The lowest CPM is usually available through media advertising. Why, then, would it not be the most efficient marketing approach in all cases?

It also has the lowest expected sales return.

---

* * * * *

Advertising Media

A wide variety of advertising media is available. Each has specific applications to various businesses. We will examine some and see how they apply to small businesses.

. Television. The biggest and most expensive. A single network television spot can cost tens or even hundreds of thousands of dollars. Yet brief (10-30 seconds) spots on local television channels can often be a wise buy for certain small businesses.

. Magazines. While the national news magazines are usually far outside the budget of small businesses, local magazines, regional editions of national magazines, and special interest magazines with relatively small circulations often fall within the budget capability of small businesses.

Evaluating Advertising Media

In evaluating any individual advertising medium, you will normally want to know three factors, as follows:

. Cost

. Audience size

. Audience quality

Each of these factors is closely interrelated. Let's take a closer look at what is meant by audience quality.

Audience Quality

To a seller, a quality audience consists of those people who are most likely to buy the product. It does not mean rich versus poor or educated versus uneducated. To the seller of janitorial supplies, a magazine with a high percentage of janitors among its readers is a quality magazine. Why bother with magazines that reach polo players, yachtspersons, or gourmets? Conversely, the furrier would have little interest in advertising in a janitors' magazine.

The question to ask in evaluating the quality of a particular medium is whether or not its audience is representative of your market. The local suburban weekly may have a higher cost per thousand readers than the metropolitan daily, yet offer a higher quality audience for the local retailer. The suburb, not the entire metropolitan area, is the retailer's primary market.

To the seller of blue jeans, the local rock station offers a higher quality audience than the adult-oriented radio news show, regardless of relative audience size or audience income.

Audience Demographics

In selecting an advertising medium, it is frequently wise to examine the demographics of the audience. The demographics are an analysis

of the audience according to social and economic factors. For example, the table below shows the demographics for two radio stations serving the same geographic area.

DEMOGRAPHICS

	STATION A	STATION B
Age		
Under 18	43%	6%
18-25	27%	7%
26-35	13%	23%
36-50	8%	42%
Over 50	9%	22%
Income		
0-$5,000	64%	5%
$ 5,001-$10,000	16%	8%
$10,001-$20,000	11%	27%
Over $20,000	9%	60%
Education		
High School Graduate	42%	12%
College Graduate	12%	65%
Graduate School	3%	23%
Occupation		
Student	51%	5%
Unemployed (non-student)	10%	1%
Clerical	7%	8%
Skilled	8%	7%
Unskilled	6%	7%
Technical	7%	27%
Managerial	6%	26%
Professional	5%	19%
Sex		
Male	46%	73%
Female	54%	27%

The audience of station A is considerably younger, has a lower income, less education, and fewer job skills than audience B. Nevertheless, the more youthful audience A might be a higher quality audience for certain products such as records, contemporary clothing, or fast foods.

To the seller of higher priced items such as expensive automobiles, home furnishings, or real estate, audience B would be far more interesting.

Effective CPM

In measuring the cost per thousand of a particular advertising medium, you are usually better advised to determine an effective CPM -- in other words, the cost per thousand people reached who are representative of your target population.

To determine an effective CPM, you would divide the cost of the advertising by the effective audience -- that portion of the total audience that is likely to be interested in your product -- not the entire audience.

Effective CPM = Cost ÷ Effective Audience (in thousands)

For example, assume that you have defined your market as persons with incomes over $25,000. You are considering advertising in one of two magazines, whose audience demographics (by income) are described below.

		X	Y
Cost		$ 100	$ 150
Total Readers		10,000	15,000
CPM		$ 10.00	$ 10.00
Reader Income	0-$10,000	25%	5%
	$10,000-$25,000	45%	15%
	Over $25,000	30%	80%

Each magazine has the same CPM, based upon total number of readers:

X: $100 ÷ 10,000 = $10 CPM

Y: $150 ÷ 15,000 = $10 CPM

However, you are only interested in readers with incomes over $25,000. Therefore, the number of potential buyers you would reach through each magazine must be calculated as follows:

X: 10,000 x .30 = 3,000

Y: 15,000 x .80 = 12,000

You can now calculate an effective CPM based upon the number of readers of each magazine that fall within your market.

MAGAZINE	COST	EFFECTIVE READERS	EFFECTIVE CPM
X	$100	3,000	$33.33
Y	$150	12,000	$12.50

Although both magazines have the same CPM based upon total readership, the effective CPM of magazine Y, based upon the total number of readers within the market, is far less expensive.

* * * * *

1. List three factors that must be known in evaluating various advertising media:

   1.
   2.
   3.

---

   cost
   audience size•
   audience quality

---

2. A quality audience means a high income audience.

   a. True.
   b. False.
   c. It depends upon what you are selling.

---

   c. It depends upon what you are selling.

---

3. Which is usually more important to the advertiser?

   a. CPM based upon total audience
   b. effective CPM

---

b. effective CPM

---

4. An analysis of the audience for a particular advertising medium that describes its audience according to social or economic factors is called a _____ analysis.

---

demographic

---

* * * * *

Advertising Costs vs. Sales Generated

The expected sales generated from media advertising is generally small, usually less than 1%. However, since audiences are large, even a small fraction of 1% often justifies the cost of the advertisement.

Consider the example of a local radic advertisement with a $5.00 CPM. If one out of every 100 listeners bought the product, the advertiser would realize 10 sales (1,000 x .01) for every $5.00 spent. The advertising cost would be $0.50 ($5.00 ÷ 10) per sale. While this would obviously be unsatisfactory for selling a $0.50 product, it could be a bargain when selling a higher priced product with sufficient gross profit margin to justify the expenditure.

Direct Promotion

In those businesses where media advertising is impractical, it is often economical to promote through direct mail, telephone solicitation, or some other medium. The first advantage of these promotions is the availability of a far more selective audience.

Direct Mailing Costs

The cost per thousand of direct mailers is generally higher than that of media advertising. Among the costs involved are the following:

. Preparation of copy

. Photography, artwork, typesetting

. Printing

. Envelopes

. Postage

. Cost of purchased lists

In some areas, there are businesses that will handle the entire job from start to finish at a fixed cost. Or it may be more economical to purchase mailing lists, hire printers or art services as needed, and do the rest of the job yourself.

The cost per thousand mailers is generally from $100 to $1,000 per thousand persons reached. However, the return expected from a direct mailing is usually higher than that expected from advertising since the original audience should have a higher degree of interest. For example, a ski equipment advertisement in the local newspaper would be read by thousands of people who hate the snow and the cold! For less money, you might be able to make a direct mailing to all skiers in your area. The more selective your audience, the higher the rate of return you can expect.

Direct Mail Message

The direct mail message may be brief or somewhat detailed. In the simplest case, with a mailer similar to a handbill, preparation costs may be no more than a few cents each. The piece could be self-sealing so that there is no need for an envelope. Addressing costs could be three or four cents each and postage, using lower mail classes, can be reduced to pennies.

* * * * *

1. The expected sales return from media advertising would most likely be:

   a. less than 2%
   b. 2% to 10%
   c. over 10%

---

   a. less than 2%

---

2. A radio advertisement has a CPM of $8.00. The sales return is 1%. In other words, the business makes _____ sales to every 1,000 listeners.

---

10 (.01 x 1,000)

---

3. At a cost of $8.00 to reach 1,000 listeners and 10 sales per 1,000 listeners, the advertising cost per sale is $_____.

$0.80 ($8.00 ÷ 10)

---

4. Where could you find an economical mailing list to announce a special sale for a local hardware store?

---

local telephone directory, voting lists, etc.

---

5. Mailing lists can be purchased for specific geographic areas. (TRUE/FALSE)

TRUE

---

6. Which of the following is the more likely CPM for a direct mail campaign?

a. $5.00
b. $50.00
c. $5,000.00

---

b. $50.00

---

7. The expected CPM of a direct mail campaign is ordinarily (HIGHER/LOWER) than for media advertising.

HIGHER

---

8. The expected sales return for a direct mail campaign is ordinarily (HIGHER/LOWER) than for media advertising.

HIGHER

---

* * * * *

YOUR PLAN

Your marketing plan, or overall marketing strategy, is a combination of the elements you have just studied:

. Your PRODUCT

. Your PRICE

. Your PROMOTION

Your product, whether it be goods or services, is the basic reason you are in business. Your product must be oriented to the audience, or market segment, you expect to attract. To that end, your product must be the items or services which that audience demands, and be offered at a competitive price which that audience can be expected to pay. And to get your message across to that audience, you must promote your product in terms which relate to that audience.

The three elements are closely interrelated, and a change in any one of them necessitates a review of how you are handling the other two. No one of the three can be considered independently. Your overall marketing strategy is a careful balance of all three.

SUMMARY

Most Critical Element

Of all the elements required to make a business successful, none is more critical than marketing. The grestest product and service ideas are of little value unless their story is told in the marketplace.

Your marketing effort is the foundation of all other aspects of your business. Marketing attracts the sales dollars which cover the costs of doing business while providing the profit upon which to build the future of your business.

Consumer Orientation

Successful marketing strategies are based upon knowledge of customer needs and wants. Your product or service line should be determined by the purchasing interests of your market. After all, it is easier to sell what people want to buy!

Establishment of the best price to charge for your product hinges upon the determination of customer reaction to various possible prices. There is no one and only price to seek for most products or services. Instead, there is a range of possible prices. As the price becomes higher, you can expect sales to decline. Therefore, you must try to select that price which offers the most profitable combination of sales volume and unit contribution.

Similarly, your choice of a marketing message should stress the benefits that your product or service offers customers. And your choice of marketing channels to convey your message must consider which channels provide the most efficient and effective means of reaching your intended audience.

Application to Your Own Business

This booklet has been designed to help you understand the principles of marketing. These principles, applied to your business, can guide you in the development of a customer-oriented marketing strategy that can dramatically improve your business' chances of continuing success.

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